

SIMPLIFIED ACQUISITION PROCEDURES

I. INTRODUCTION

A. SCOPE

This guidance is intended to assist Acquisition Officials in the organizational units responsible for acquisition activities at NSF:

- Contracts Policy and Oversight (CPO) in BFA;
- Division of Administrative Services (DAS) in IRM; and
- Division of Information Systems (DIS) in IRM and other organizational units with staff that have acquisition authority.

This document is provided as a reference to guide, instruct, and train staff who are responsible for acquisition personnel in conducting simplified acquisitions and other streamlined acquisitions in accordance with National Science Foundation (NSF) guidelines. It incorporates the simplified acquisition procedures promulgated by the [Federal Acquisition Streamlining Act of 1994](#) (FASA) and prescribed by the [Federal Acquisition Regulations \(FAR\) Part 13](#) for procuring requirements valued up to the current simplified acquisition dollar threshold of \$100,000.

The Policy Office will issue updates to this SOG as needed. Please forward suggestions for additional material such as new FACs, OFPP or GAO guidance, NSF policies, or any necessary revisions to the Policy Office for possible inclusion in the next update.

Numbered attachments to this SOG include a description of NSF Procurement and Contracting Assignments by division, a Glossary of Terms with electronic links to sources, and a FAR Reference Table. To access a resource electronically, click on the address.

B. TYPES OF PURCHASE

Simplified acquisition procedures describe the methods used for making purchases of supplies or services by imprest funds, purchase orders, blanket purchase agreements or Government-wide commercial purchase cards. This guidance covers the use of simplified acquisition procedures, including micro-purchase procedures.

C. DIVISION OF RESPONSIBILITIES

Several NSF organizational units have responsibilities for acquiring goods and services for the Foundation. The division of most procurement authority was described in a memorandum dated 18 July 1990, from the Director, DGC, on the subject of "Contracting/Grants Officer Authority." A summary of the division of authority is attached as **Attachment 1** to this document. Although not discussed in this document, Human Resources Management of the Division of Information and Resource Management (IRM/HRM) is responsible for the acquisition of training and human-capital development resources for Foundation employees.

II. SOURCE SELECTION AND PRIORITIES

(FAR 8.001)

A. COMPETITION ([FAR 6.101](#), [13.106-1](#), [13.106-2](#))

The Acquisition Official shall follow the priority of sourcing stipulated in FAR 8.001. Requirements shall be filled at the highest priority source for which the requirement is reasonably available. The Acquisition Official shall use the optional Federal Supply Schedules over open market, commercial sources as listed in [FAR Part 8.001](#). The Javits-Wagner-O'Day (JWOD) Programs (for the purchasing from blind persons and persons with severe

disabilities) remains applicable under the \$100,000 threshold. The JWOD Program is not waived, superseded or bypassed by micropurchasing authority or buying commercial items to substitute JWOD.

B. SMALL BUSINESS SET-ASIDES (FAR 13.003(b)(1);19.202)

Unless otherwise authorized, all requirements between \$2,500 and \$100,000 shall be reserved for small businesses (schedule contracts and delivery orders issued under contracts are excluded). The requirement may be procured on an unrestricted basis if the Acquisition Official determines that there is no reasonable expectation that two or more small businesses can provide the requirement on competitive terms (i.e., market price, quality and delivery), or if a reasonable quotation from a small business under a set-aside is not received. Justification for award to other than small business must be documented in the procurement file. The NSF Office of Small and Disadvantaged Business Utilization or the US Small Business Administration should be consulted and their recommendation considered when making such a determination. For guidance and assistance, contact NSF Small and Disadvantaged Business Utilization Officer in Room 527 at 292-7082 or E-mail Donald Senich at [<dsenich@nsf.gov>](mailto:dsenich@nsf.gov).

The SBA's ProNet is a useful tool in locating small businesses. ProNet is an internet-based database providing access to the profiles (products, services, and references) of more than 170,000 small businesses, including disadvantaged, 8(a) certified, and women-owned firms. ProNet can be accessed at <http://pro-net.sba.gov/>.

C. SOURCE ELIGIBILITY

Prior to soliciting sources, the Acquisition Official shall determine whether the prospective sources are eligible for federal procurement awards by verifying whether or not the prospective sources are listed on the most recent List of Parties Excluded from Federal Procurement and Non-procurement Programs, which is available under **DGA, Debarred Parties** on the NSF Winstation.

D. BRAND-NAME OR MAKE-AND-MODEL REQUIREMENTS

A specific make-and-model requirement is one in which only the requested make and model of a supplier or manufacturer can satisfy the agency's need. Since this is considered a restrictive specification, a written justification is required. The justification should be developed by the Program Officer, with assistance as requested from the CPO/Contracts Branch. A request to purchase a product exclusively by brand name should trigger additional scrutiny as a potential sole-source procurement.

E. MICRO-PURCHASES THRESHOLD

Requirements valued at \$2,500 or less need not be competed if the price is reasonable and appropriate. Simplified acquisitions over \$2,500 must be justified in accordance with [FAR 13.106-2](#) if procured non-competitively.

F. ACQUISITIONS OF \$25,000 OR LESS

For simplified acquisitions of \$25,000 or less, the requirement for competition may be fulfilled by soliciting a minimum of three potential sources known to supply the requirement commercially and competitively. The requirement for competition is satisfied even if only one solicited source responds to the solicitation, if the price is determined to be fair and reasonable.

G. AGREEMENTS GREATER THAN \$25,000

A synopsis of the requirements must be developed for all open market solicitations exceeding \$25,000 ([FAR 5.101](#)).

H. FEDERAL SCHEDULE CONTRACTS

Federal schedule contracts list items available to Federal purchasers at pre-negotiated prices, terms and conditions, thereby satisfying NSF's interest in competitive procurement. This requirement can be

satisfied by considering products and prices contained in any GSA Multiple Award Schedules (MAS) automated information system, or reviewing at least three MAS price lists. The MAS List is available electronically at: <http://www.fss.gsa.gov/publications.html>

I. COMMERCIAL ITEMS

The Acquisition Official shall consider commercial items when they are available to meet the needs of the agency. Commercial items (including services and supplies) are subject to the policy and procedures prescribed in [FAR Part 13](#), Simplified Acquisition Procedures.

III. SOLICITATIONS

(FAR Part 13)

For actions not expected to exceed \$25,000, paper solicitations should be issued only when obtaining electronic or oral quotations is not economical or practical. Written solicitations, however, shall be issued for construction contracts estimated to exceed \$2,000. Instructions for the use of NSF's credit-card purchasing system are available at <http://www.inside.nsf.gov:80/oirm/das/ssb/visa/start.htm> .

A. ORAL SOLICITATIONS

Oral solicitations (i.e., not electronic, paper or fax) are the preferred method, to the maximum extent practicable, to expedite requirements not expected to exceed \$25,000. Oral solicitations between \$10,000 and \$25,000 are not subject to the requirements for public posting.

1. Documentation of Oral Solicitations

For oral solicitations, the Acquisition Official shall record the amounts of the quotes received, the names of vendors contacted, and terms and conditions quoted by each, in the procurement file. For written solicitations the Acquisition Official shall record: notes; requirements abstracts; quotation information showing pricing, terms and conditions; and other supplier information, as appropriate.

2. Documentation From Sources

Sources responding to solicitations must provide:

- complete name/address for addressing the order;
- pricing information/data;
- delivery terms;
- prompt payment terms; and
- delivery schedule.

The Acquisition Official shall obtain the following data for reporting to the Federal Procurement Data System (FPDS): business size ([FAR 19.101](#) and [19.102](#)); status as a minority owned and operated or women-owned and operated business; and tax identification number (TIN).

B. PRODUCT DESCRIPTIONS AND STATEMENTS OF WORK (FAR 11)

1. Brand-Name Requests

The Acquisition Official shall review requisitions to ensure that the description of the procurement is sufficient to support a procurement action and provide assistance for in doing so to program offices, as needed. Requisitions which state that only a specific make and model, or which include specifications peculiar to a single source, must be justified in writing (as described above in section II, D.)

2. Information Needed for Solicitations

The Acquisition Official shall obtain all the information necessary for issuance of the solicitation and making the award. This information includes, but is not limited to, deliverables, schedules, acceptance conditions, billing instructions, attachments or any supplemental documentation.

C. SERVICE CONTRACTS

A Service Contract directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish a tangible product. A service for NSF must be non-personal and one that can be performed by an individual or organization.

1. Advisory and Assistance Services

Advisory and assistance services are those services provided under contract by non-NSF sources to support or improve:

- organizational policy development;
- decision-making;
- management and administration;
- program and/or project management and administration; or
- research and development.

Government employees must be used in the decision-making role to evaluate proposals for advisory- or assistance-services contract actions unless Government personnel are not reasonably available. See [FAR 37.204](#) for procedures for determining the availability of Government personnel.

2. Printing Services

Printing services are procured by DAS under specific authority of the NSF Act (42 USC §1870(g)).

3. Personal Services Contract ([FAR 37.104](#))

A personal services contract creates an employer-employee relationship between NSF and an individual. Special, statutory approvals are required for personal service contracting, so agreements with the potential to create an employment relationship are reviewed carefully to ensure, among other considerations, that competitive selection procedures are not ignored and that human resource limitations are not exceeded. **NSF does not have the statutory authority to enter into a contract for personal services.** The Office of General Counsel (OGC) should be consulted for advice, therefore, when an Acquisition Official receives a requirement for services that may be construed to appear like personal services. If it is determined that the services are considered to be personal services, CPO or DAS will work with the initiating office in an attempt to use some other mechanism to achieve the desired results.

4. Considerations in Service Contracting

Service contracts and modifications require a statement of work and written determination that none of the functions to be performed is inherently governmental, i.e., so intimately related to the public interest that performance by Government employees is mandated. ([FAR Subpart 7.503](#)) Examples of services that the Foundation is likely to acquire include:

- Research and development([Part 35](#));
- Advisory and assistance services;
- Operation of Government-owned equipment, systems or facilities;
- Architect-Engineering ([Subpart 36.6](#));

- Communications services;
- Transportation and related services ([Part 47](#)); and
- Maintenance, overhaul, repair, servicing, modernization, or modification of supplies, systems, real property or equipment.

IV. REVIEW CONSIDERATIONS

A. SPLIT REQUIREMENTS ([FAR 13.003\(c\)\(1\)](#))

Generally, increasingly restrictive provisions are placed on purchases as the dollar value of the purchased item increases. The term "splitting requirements" refers to the practice of breaking down known requirements into two or more purchases to reduce the dollar value of each below restrictive thresholds for competitive simplified acquisition procedures or full-and-open competitive procedures. The practice is prohibited by [FAR 13.003\(c\)\(1\)](#). In some cases, the vendor offers price reductions in the form of purchase discounts to customers who make larger purchases. Such price reductions could be lost by artificially reducing the size of a procurement. If the Administrative Officer (within the Directorate) or the Acquisition Official suspects that a requirement has been split to circumvent a pricing threshold, that concern should be discussed with the individual who initiated the purchase request and, if necessary, the requisitions returned for consolidation.

B. LABOR LAWS (FAR Parts 22, 36 and 37)

Labor laws may apply to simplified acquisitions (e.g., wages paid to contractor personnel, work hours, working environments and other factors affecting how the contractor performs the requirement). A prescribed FAR clause, or provision for actions subject to these laws, must be included in solicitations and awards using simplified acquisition procedures. The labor laws that relate to procurement are summarized at <http://www.ios.doi.gov/pam/1422-3.html> and at [FAR 22](#).

C. FUNDING OF ADMINISTRATIVE SUPPORT COSTS WITH PROGRAM FUNDS (NSF Manual 17, Financial Management Policy Manual)

The Foundation's Financial Management Policy distinguishes between program support costs and administrative support costs. It stipulates that administrative support costs shall be funded from the NSF Salaries and Expenses appropriation. Requisitions that commit program funds for administrative support costs must be approved by the Chief Financial Officer (CFO) or the Deputy CFO before an agreement is signed. (Reference Section 170 through 173 of NSF Manual 17, Financial Management Policy Manual or at <http://www.inside.nsf.gov/bfa/dfm/fpm/start.htm>).

D. EXCHANGE/SALE TRANSACTIONS (40 USC §481(c), Federal Property Management Regulation (FPMR) Subpart 101-46.3)

1. Trade-In Value

In some circumstances, NSF-owned property can be offered for trade-in value or exchanged to offset the purchase price of equipment that is similar in kind to the existing equipment. The fair market value of the equipment must be assessed and applied to the purchase of the new equipment. The market value can be determined through a market survey of dealers in used equipment or by assessing the residual value after depreciation.

2. Exchange Documentation

Exchange transactions must be documented in writing by the Acquisition Official. This documentation should be in the form of a Determination and Findings (D&F) that includes a

summary of the essential facts of the transaction and a determination statement indicating that the legal requirements for exchange/sale transactions have been met. The NSF Property Officer shall be provided with a copy of each order that involves an exchange transaction.

3. Evaluating Purchase Credit

Credit offered by vendors for trade-ins shall be considered when evaluating quotations. Figure 1 illustrates an example of how this might be done. In this example, Company B would be selected because it offers the lowest overall price when trade-in value is considered.

Figure 1

Cost	Company A	Company B	Company C
New Equipment	\$58,000	\$58,500	\$59,000
Trade-in Value	0	600	800
Total	\$58,000	\$57,900	\$58,200

E. EQUIPMENT LEASE OR PURCHASE ([FAR Subpart 7.4](#))

An Acquisition Official's analysis of the requirements should consider whether it is more advantageous to lease or purchase equipment. The Acquisition Official shall provide appropriate information and assistance, as requested, to support the decision to lease or purchase.

Purchasing equipment is generally advantageous if the leasing costs will exceed the purchase costs. Leasing is appropriate if it is advantageous to the agency or if it provides an interim measure when circumstances require immediate use of equipment to meet program/system goals. If leasing is justified, a lease with option to purchase is preferred. The contract should specify the purchase price or a formula reflecting how the purchase price will be established at the time of purchase. For any purchase of equipment with a unit cost of \$5,000 or more, the Acquisition Official shall provide the NSF Property Officer with a copy of the order.

The Acquisition official shall consider "life cycle costs" (i.e., the cost of consumables and maintenance costs over a specified period) for lease and purchase analysis. In the example below, the purchaser is considering the relative benefits of purchasing vs. leasing a medium-speed copier. In Figure 2A, the Purchase Scenario is expected to cost \$18,300. In Figure 2B, the Lease Scenario is presented with expected cost of \$13,150. In the Lease Scenario, the Foundation enters into a "Lease-to-Purchase" (LTOP) arrangement wherein NSF assumes ownership to the equipment at the conclusion of the lease.

Lease-Purchase Evaluation

Figure 2A—Purchase Scenario

PURCHASE COST					\$10,000
LESS: Trade-In/Up Allowance					<u>(\$2,500)</u>
Net Purchase Cost					\$7,500

OPERATING COST	Year 1	Year 2	Year 3	Total	
Consumables*	\$ 1,500	\$ 1,600	\$ 1,700	\$ 4,800	
Maintenance	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 6,000</u>	
Total	3,500	3,600	3,700		<u>\$10,800</u>
COST TO PURCHASE					\$18,300

* The toner, developer and similar materials consumed in operating the machine.

Figure 2B--Lease
Cost/Price Evaluation

	Year 1	Year 2	Year 3	Subtotal	Total
LEASE COST	\$2,750	\$2,750	\$2,750		\$8,250
LESS: Trade-In/Up Allowance					<u>(\$2,500)</u>
Net Lease Cost					\$4,750
OPERATING COST					
Consumables	\$ 1,250	\$ 1,300	\$ 1,300	\$ 3,900	
Maintenance	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 4,500</u>	
Total	2,750	2,800	2,850		<u>\$8,400</u>
COST OF LEASE					\$13,150

F. CONSTRUCTION/REPAIRS/ALTERATIONS OF REAL PROPERTY

GSA has exclusive procurement authority for all work involving the construction, repair or alteration of real property, including:

- painting and the installation of wall coverings;

- utilities, lighting, air conditioning/heating systems;
- conduits and cable trays, wiring and cabling; and
- flooring.

Requirements exceeding \$25,000 must be forwarded to the GSA Field Office on a Reimbursable Work Authorization (GSA Form 2957). The Foundation has been granted a limited delegation of procurement authority for requirements valued at \$25,000 or less. This delegation is granted to named DAS employees who may enter into contracts covered by the delegation.

V. INFORMATION TECHNOLOGY (IT)

([FAR Parts 12](#) and [39](#))

A. COMPUTER WORKSTATIONS

DIS has established a listing of recommended configurations and manufacturer brands for computer workstations that will connect to the local area network. It does not cover servers, portables or stand-alone equipment. Additional information is also available electronically on the DIS home page at: <http://www.inside.nsf.gov/oirm/dis/pcmac/hardware.htm> .

To reduce cost and acquisition lead-time, each month CPO solicits price quotes for each of the DIS-recommended configurations from suppliers of the approved brands. Offices are encouraged to specify their requirements for computer workstations in one or more recommended configurations, and the Acquisition Official should work with offices to purchase computing equipment that meets the requirements at the lowest possible cost. Monthly price quotations are published from vendors able to supply equipment that satisfies NSF's physical and performance specifications.

B. ENERGY EFFICIENCY REQUIREMENTS

1. Energy Efficient Equipment

[Executive Order 12845](#), requires agencies to purchase energy-efficient computing equipment, including microcomputers (PCs), workstations, and video monitors and printers. Computing and related equipment must meet the energy efficiency requirements of the Energy Star Computers Program of the Environmental Protection Agency (EPA). EPA publishes listings of qualified equipment on its Web site at: <http://www.epa.gov/appdstar/esoe/products.html>. Compliant equipment is generally referred to as being Energy Star Compliant or green.

2. Purchasing Clauses

The Acquisition Official shall include an appropriate clause in all solicitations and orders for subject equipment requiring vendors to provide only Energy Star compliant equipment, and shall verify with vendors prior to ordering that the equipment is Energy Star compliant. Language for applicable solicitation and contract clauses is available at <http://www.epa.gov/appdstar/esoe/faq.html>.

C. YEAR 2000 COMPLIANCE

All equipment and software that will perform date/time functions must be able to accurately process dates and times occurring after December 31, 1999, known as Year 2000 (Y2K) compliance. All solicitations and orders shall require that vendors provide only equipment and software that is Y2K compliant.

D. SOFTWARE LICENSES

Commercial computer software (or commercial computer software documentation) is acquired

under licenses customarily provided to the public in accordance with [FAR Part 12](#). The principal elements of such a license provide that:

- Commercial software is protected by copyright and/or patent.
- NSF purchases the right (license) to use software, but ownership remains with the author or publisher.
- Commercial off-the-shelf software (commonly referred to as COTS or shrink-wrapped) that is intended for use on a single station includes the producer's standard licensing agreement and usually carries the proviso that by opening the package the customer accepts the terms and conditions contained therein.
- NSF accepts standard license agreements without negotiation.
- Site Licenses allow NSF to make copies for its own use under specific terms and conditions but they must conform to NSF policy.
- The Acquisition Official shall obtain technical and legal advice as necessary in reviewing site-licensing agreements and negotiate with the manufacturer, as necessary, to modify objectionable terms.

V. EVALUATION OF QUOTATIONS

(FAR 9, 13 and 19)

A. EVALUATION CRITERIA

All quotations or offers received must be considered. Quotations may be evaluated and awarded on the basis of price alone, which is the preferred method, or on price and other factors when appropriate (e.g., such as past performance quality of service, technology or qualifications, delivery terms or warranties). Generally, the Acquisition Official accepts the representations and certifications supplied by vendors unless there is evidence to the contrary or reason to believe otherwise. Determinations of non-responsibility of a small business, however, are referred to the US Small Business Administration in accordance with [FAR 19.302](#). Comparative evaluations may be conducted. An award is generally made to the responsible vendor offering the best value item(s) at the lowest delivered price. The basis of award is documented in the file.

B. PREFERRED PRACTICE

Requirements that will be solicited on an all-or-none basis specify that prospective sources must supply all of the requested items in order to be considered. The preferred practice is to determine the lowest cost alternative between a single award and multiple awards to vendors, based on the quoted prices for each item and the administrative costs of making multiple awards, as illustrated for Companies A and B below in Figure 3 below. The amount of \$500 is the administrative cost for each additional award.

Figure 3

Cost/Price Evaluation

Item	Qty	A	B	C	LCPI*
CLIN 01	500	\$5,000	\$7,500	\$10,000	\$5,000
CLIN 02	500	7,500	6,000	5,000	5,000
CLIN 03	500	10,000	10,000	5,000	5,000

ACPAA**					500
Total		\$22,500	\$23,500	\$20,000	\$15,500

***LCPI - Lowest Cost Per Item**

****ACPAA - Administrative Cost Per Additional Award**

Comparison of individual line items in Figure 3 reveals that the lowest line item prices were offered by Contractor A for Cost Line Item Number (CLIN) 01, and Contractor C for CLINs 02 and 03. After applying the \$500 administrative cost for the additional award and comparing the total amount of two awards at \$15,500 to the total price of the lowest offered price of \$20,000, it appears that award of multiple contracts is warranted.

C. DISCOUNTS

There are several types of discounts that should be considered during the procurement process.

1. Quantity Discount

A quantity discount is a price reduction given to a buyer for purchasing increasingly larger quantities of items. Such a discount is usually offered for purchasing a specific quantity of items at one time, for purchasing a specified dollar total at one time, or for purchasing a specified dollar total over an agreed-upon time period (also known as a cumulative discount). The Acquisition Official is encouraged to seek quantity discounts when appropriate.

2. Trade Discounts

A trade discount from the list price is one that is offered to all customers. This may include promotion of seasonal, new or slow-selling items or special discounts offered by the manufacturer or dealer.

3. Prompt Payment Discount

A prompt payment discount is one that is offered by a vendor for payment by the Government (buyer) prior to the date payment is due. Such discounts are not considered in the evaluation of bids or offers but any discount offered is included in the contract award. ([FAR Subpart 32.9](#))

D. SHIPPING/TRANSPORTATION ([FAR Part 47](#))

When considering transportation costs in the procurement of supplies, the term Free on Board (FOB) is used to determine the responsibility and basis for payment of freight charges and the point at which title for goods passes to the buyer or consignee. The two most common shipping-related terms the Foundation uses are FOB Origin and FOB Destination.

1. FOB Origin

The seller (or consignor) places the goods on the conveyance and the buyer (or consignee) is responsible for the cost of shipping. Shipping charges should be listed as a separate line item in the contract. The risk of loss or damage to supplies passes from the contractor to the Government when supplies are delivered to a carrier, unless otherwise specified in the contract. This mode of shipping should be avoided if possible.

2. FOB Destination

The seller (or consignor) delivers the goods on its conveyance to the location specified by NSF (e.g., warehouse unloading platform or receiving dock or project site) and the seller (or consignor) is responsible for the cost of shipping. Shipping charges are included in the total price of the contract and should not be listed as a separate line item. The risk of loss or damage to supplies passes from the contractor to the Government upon acceptance by NSF (or delivery to a Government location), unless otherwise specified in the contract.

E. DELIVERY/ACCEPTANCE ([FAR Part 46](#))

1. Inspection Requirements

[FAR clause 52.246-1](#), *Contractor Inspection Requirements*, should be included, when appropriate, in solicitations and contracts for supplies or services when the anticipated contract amount does not exceed the simplified acquisition threshold. The contractor is responsible for ensuring that all necessary inspections are performed to substantiate conformance of supplies or services to the requirements of the contract.

2. Inspection Criteria

Generally, for acquisitions of supplies or services NSF shall perform inspection at destination. Supply shipments are normally received at NSF's loading dock or warehouse. The receiving personnel will perform a "visual inspection" of supplies for quantities received, any visible damages, duplicate shipments, etc. The supplies are then forwarded to the end-user for complete inspection and actual acceptance.

3. Acceptance

Acceptance is the act of an authorized agent of the Government assuming ownership (title) of supplies or approving specific services provided under a contract. It indicates that the supplies or services provided by a contractor conform to all requirements of the contract including quality, quantity and condition of the supplies. When actual acceptance is not accomplished, acceptance may be implied by the Government's delay, conduct or other behavior.

4. Rejection

The Acquisition Official should reject supplies or services that do not conform to the contract's requirements. The contractor shall be given the opportunity to correct or replace nonconforming supplies or services at no additional cost to the Government.

5. Receiving Report

A receiving report is the document that accomplishes the formal acceptance of supplies or services performed under a Government contract. The authorized Government agent signs the document that serves as the authorization for payment to the contractor. A receiving report is the document that accomplishes the formal acceptance of supplies or services performed. The receiving report may also be used to determine that supplies were received at destination. The person at the loading dock can check in supplies received by using the purchase order's receiving copy.

VI ADMINISTRATION

A. REPORTING REQUIREMENTS ([FAR 4.6-4.9](#))

1. Tax Reporting on Purchase Orders Over \$600

The Internal Revenue Service requires certain purchase order payments of \$600 or more to be reported to both the individual and the Internal Revenue Service each tax year on a Form 1099-Misc Miscellaneous Income. To enable DFM to identify those purchase order payments that are 1099 reportable, the Acquisition Official should follow the procedures below in paragraphs 2 and 3.

2. Tax Reporting on Sole Proprietorship

Whenever a purchase order is issued that is considered to be 1099 reportable, object class code 2527 is used when the vendor is the sole proprietor and either Salaries and Expenses (S&E) or Non-S&E appropriations are used. (Note that the following are not 1099 reportable: acquisition of supplies; and object class code 2520, which is used if the vendor is not a sole proprietor.)

3. Tax Identification Number

When inputting an award to an institution that is a first-time awardee, the Contract Specialist must contact the awardee to obtain the Institution Number. The first time an Identification Number is used to issue a purchase order determined to be 1099 reportable, provide a completed W9 form to DFM/FSB. The W9 will provide the necessary nine-position Tax Identification Number, which is either an Employer Identification Number (EIN) or an individual Social Security number (SSN), and an identifier as to whether the number is an EIN or an SSN. On the W9, include the Institution Number and the pay categories used to classify 1099 reportable purchase order payments. The pay categories and their descriptions generally used by NSF are as follows:

Category	Description
1	Rents (all types) unless paid to real estate agents (e.g., office space and machine rentals such as copiers, bulldozers, computers, etc.)
6	Medical or Health Care Services
7	Non-employee Compensation (includes fees, commissions, prizes and awards for services performed or other forms of compensation for services performed by an individual who is not the agency's employee)

B. FEDERAL PROCUREMENT DATA SYSTEM (FPDS)

Awards shall be reported on the FPDS as prescribed by [FAR 4.6](#). Actions of \$25,000 or less are reported on a consolidated basis on the SF 281 Summary Contract Action Report. Dollar actions greater than \$25,000 are reported individually using a SF 279 Individual Contract Action Report. Dollar modifications of actions previously reported using a SF 279 must also be reported using a SF 279. The Acquisition Official is responsible for ensuring that the relevant data for each procurement is captured for reporting purposes.

C. DISTRIBUTION

The original copy of orders shall be sent to the vendor and a copy retained for the official acquisition file. One copy of each order shall be distributed to the requesting office, the receiving office, DFM, the NSF Property Officer in DAS (if order is for accountable property) and other individuals when applicable.

D. AWARD FILE DOCUMENTATION

1. Minimum Documentation Requirements

Award (file) folders for purchase contracts/orders and delivery orders shall include the following items to document the procurement:

- **a signed copy of the order with attachments, if any;**

- the original copy of the initiating requisition;
- a copy of the system printout of funds committed against the requisition;
- the original copy of each approved justification and/or waiver as appropriate (e.g., a sole source justification, a waiver of Energy Star requirements, or similar type of document);
- a record of how the procurement was publicized, if required (e.g., a copy of a CBD synopsis or other public notice) or a statement why the procurement was not publicized;
- a copy of written solicitation, if used, or a brief description of the method of solicitation used;
- a record of sources solicited, bids/quotations received, and evaluation of bids/quotes;
- a notation that the vendor is not listed on the most current List of Parties Excluded from Federal Procurement and Non-procurement Programs (available under the DGA submenu on the Winstation menu); and
- any other documentation relevant to the procurement.

2. File Organization

Documentation should be labeled and segregated in the award folder so that it may be easily associated with the corresponding procurement action. Documentation for the original award, and for each amendment, should be labeled and tabbed as such.

3. Unsuccessful Solicitations

Unsuccessful quotations, including samples, and solicitation correspondence may be retained in a separate folder from the award folder.

4. Record Retention Requirements

Award files must be retained, closed out and disposed of in accordance with the record retention schedule specified in [FAR 4.804](#) and [4.805](#). Generally, award files for simplified acquisitions may be closed out upon evidence of physical completion of the order and final payment. The retention period is three years after final payment for construction orders of \$2,000 or less and other orders of \$25,000 or less; for other orders, the retention period is six years and three months.

E. TERMINATION OR CANCELLATION OF PURCHASE ORDER ([FAR 13.504](#) and [49](#))

1. Termination of a Purchase Order

Action that must be taken to terminate a purchase order depends on whether performance has begun or whether the order has been accepted by other means.

- a. If the contractor did not accept the order in writing, the Acquisition Official can cancel the order in writing through a modification, and request that the contractor provide written acceptance of the cancellation and proceed as follows:
 - If the contractor agrees to a no-cost cancellation and does not claim that costs were incurred as a result of beginning performance, no further action is needed.
 - If the contractor does not agree to a no-cost cancellation or claims that costs were incurred as a result of beginning performance, termination action must be processed by the Contracting Officer as prescribed in FAR Part 49.
- b. If the contractor has accepted the order in writing by signature on the purchase order or a subsequently issued modification, or performance has begun, termination action must be processed by the Acquisition Official as prescribed in [FAR Part 49](#).

2. Internal Notification

When canceling a purchase order, provide Finance with written notice so that they can properly deobligate funds.

ATTACHMENT 1

Information in this Attachment is taken from the Memorandum dated July 18, 1990 from Director, DGC to Branch chiefs and Section Heads on the subject of "Contracting/Grants officer Authority" updated to reflect the current organizational status.

NSF PROCUREMENT/CONTRACTING ASSIGNMENTS

Division of Administrative Services

Procurement Section

A. All S&E requirements of \$100,000 or less from the open market or from Federal Supply Schedule Awards for commercially available:

- 1. Supplies, including ADP standard software but excluding site licensing agreements**
- 2. Equipment, excluding ADP purchase/lease/rental**
- 3. Services, including NSF central administrative support and housekeeping services such as: electrical, carpentry, alterations/renovations, construction, maintenance (excluding awards for ADP maintenance resulting from RFPs that exceed \$25,000), moving, printing, regulated utilities, courier/messenger, mailing, etc. but excluding professional and expert-type services such as consulting, audit, health, ADP, public relations, training, audio-visual, etc.**

B. S&E requirements over the above amount specifically delegated by the Procurement Executive on an individual award basis. Examples of such delegations include building lease, regular telephone service, parking service, subscription service. The following requirements will not be delegated: telecommunications, contracting out of previous NSF in-house functions such as mail and warehouse services.

C. Program fund requirements limited to the rental of space for panel meetings and conferences and the printing of program materials.

Property Section

Disposition (loan, transfer or removal from inventory) of excess or other property obtained under NSF awards, except where such action changes the terms of the award (to be handled by DGA or CPO). Prior DGA or CPO concurrence required if property is accountable under a NSF award or where NSF has retained title.

Division of Contracts Policy and Oversight

A. All Program fund requirements regardless of amount except printing, rental of space for panel meetings and conferences (handled by DAS), and IPAs (handled by HRM).

B. All S&E requirements, including small purchases, for:

- 1. site licensing agreements**
- 2. ADP equipment purchase/lease/rental**
- 3. ADP maintenance awards, exceeding \$25,000, that result from RFPs**
- 4. professional and expert type services, such as consulting, audit, health, ADP, public relations, training, audio-visual, etc.**

C. S&E requirements over \$100,000 unless specifically delegated to DAS Procurement Section by Procurement Executive on an individual award basis.

ATTACHMENT 2

GLOSSARY OF TERMS

Acquisition Official

A person who has the authority and responsibility to acquire goods and services in accordance with agency procedures and FAR guidelines.

Blanket Purchase Agreement ([FAR 13.2](#))

A Blanket Purchase Agreement (BPA) is a set of pre-negotiated terms and conditions governing future transactions between the Government and the vendor. It is not a contract, but simply an agreement on specific conditions or terms for future actions when they occur. A BPA may be established with any responsible vendor when there is a likelihood that there will be repetitive purchases during a stated period within a broad class of goods (e.g., office supplies), and the exact items, quantities and delivery requirements cannot be accurately forecasted. The Acquisition Official should consider establishing multiple BPA's with qualified vendors when appropriate.

Delivery/Task Orders([FAR 16.505](#))

The terms "delivery order" and "task order" apply to orders for goods and services under established indefinite delivery/indefinite quantity (IDIQ) contracts. The terms and conditions for placing orders are specified in the governing contracts.

FEDSTRIP

FEDSTRIP orders placed with the Federal Supply Services including orders placed through the Federal Stock Program. Procedures for these methods are not provided in this document. The use of this method of acquisition is described in GSA's publications, FEDSTRIP Operating Guide and FEDSTRIP Desk Guide.

Government-wide Commercial Purchase Cards

The Government-wide Commercial Purchase Cards is the method of acquiring goods and services whenever possible for all supply and micro-purchases less than \$2,500. The purchase card simplifies the purchasing and payment process and reduces the transaction cost associated with small acquisitions. The use is explained in DAS's "National Science Foundation IMPAC Purchase Card Program Operating Procedures and is available electronically at: <http://www.inside.nsf.gov/oirm/dis/pcmac/hardware.htm>

GSA Advantage

GSA Advantage is available on-line via GSA's home page at <http://www.fss.gsa.gov/>.

GSA Customer Supply Center

GSA Customer Supply Center accounts are described in GSA's Customer Assistance Guide.

Micro-Purchase([FAR 2.101](#), and [13.2](#))

a. The term "micro-purchase" refers to a simplified acquisition that is valued at \$2,500 (\$2,000 for construction) or less. It may be awarded without competition if the price is considered reasonable. The Acquisition Official should not take special steps to verify price reasonableness unless there is reason to believe that a quoted price for a micro-purchase is

unreasonable or if there is no comparable pricing data to establish price reasonableness.

b. The Acquisition Official encourages program offices to make micro-purchases using the Government-wide commercial purchase cards. However, if this option is unavailable, then the Acquisition Official will procure the needed products or services using the procedures described in this guidance.

Purchase Order

A purchase order is an offer made by the Government to a commercial source. It is distinguished from a delivery, task or call order in that each action is a separately negotiated transaction without pre-negotiated terms and conditions. The issuance of a purchase order does not create a binding contractual agreement. A vendor may accept or reject it. To create a binding agreement, the vendor must indicate acceptance of the order by beginning performance, or by written or oral communication.

ATTACHMENT 3

REFERENCES

The following is provided to aid in locating additional information when acquiring supplies or services using simplified acquisition procedures.

1. DELIVERY ORDERS

- Terms and conditions of the governing contract apply
[FAR 16.505; 16.506\(a\)](#)
- Fair opportunity to multiple award contractors must be provided for actions exceeding \$2,500; no further competition required for requirements contracts
[FAR 16.505\(b\)](#)
- Small business set-aside applies to the basic contract, not each individual delivery order
- Posting/synopsis/display requirements do not apply if the basic contract was previously synopsized
[FAR 5.101\(a\)\(2\)\(ii\)](#)
[FAR 5.202\(a\)\(6\)](#)
[FAR 5.202\(a\)\(6\)](#)

2. MICRO-PURCHASES

ACQUISITIONS ESTIMATED NOT TO EXCEED \$2,500

(\$2,000 FOR CONSTRUCTION)

- Micro-purchase procedures apply
[FAR 13.1](#)
- Government-wide commercial purchase card is preferred means to purchase and pay for micro-purchases
[FAR 13.201\(b\)](#)
- Government-wide commercial purchase card and electronic purchasing techniques are encouraged
[FAR 13.003\(e\)](#)
- Must comply with required sources of supplies and services in FAR Part 8

[FAR 13.201\(e\)](#)

- Purchases shall be distributed equitably among qualified suppliers

[FAR
13.202\(a\)\(1\)](#)

- Requirements may not be broken down to permit use of simplified acquisition procedures

[FAR
13.003\(c\)\(1\)](#)

- Competitive quotations are not required if the Contracting Officer determines the price is reasonable

[FAR
13.202\(a\)\(2\)](#)

- Small business set-aside does not apply

[FAR
19.502-1\(b\)](#)

3. ACQUISITIONS EXCEEDING \$2,500

a. The estimated value of the acquisition is more than \$2,500 but not greater than \$25,000.

- Simplified acquisition procedures apply

[FAR 13.003\(a\)](#)

- Must comply with required sources of supply under [FAR Part 8](#)

[FAR
13.003\(a\)\(1\)](#)

- For written solicitations, display public notice that is proposed contract action for actions estimated to exceed \$10,000 but not \$25,000

[FAR
5.101\(a\)\(2\)](#)

- remain posted 10 calendar days after solicitation issuance or until after quotations are opened, whichever is later

- Requests for quotations should be solicited orally

[FAR
13.106-1\(c\)](#)

- issue written solicitations only if obtaining electronic or oral quotations is not economical or practical

- Small business set-aside applies

[FAR
13.003\(b\)\(1\)](#)

- All timely quotations from responsible sources must be considered

[FAR
13.003\(h\)\(3\)](#)

- Contracting Officers shall promote competition to the maximum extent practicable

[FAR 13.104](#)

- generally at least three sources may be considered

[FAR 13.104\(b\)](#)

- Exempt from selected provisions and clauses

[FAR 13.006](#)

b. The estimated value of the acquisition is more than \$25,000 but not greater than \$100,000.

In addition to the elements from number 1 above, include the following:

- Synopsis in the CBD is required when written solicitations are used

[FAR](#)
[5.101\(a\)\(1\);](#)
[FAR 5.201](#)

c. The estimated value of the acquisition is more than \$100,000.

- Simplified acquisition procedures shall not be used

[FAR 13.003\(c\)](#)

- FAR Parts 12/14/15 procedures apply
- Requirements shall not be broken down into several purchases that are less than the threshold to permit use of simplified acquisition procedures

[FAR](#)
[13.003\(c\)\(1\)](#)